The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Russia Says to Discuss Oil Markets, Iran With OPEC on July 30

By The Moscow Times

July 17, 2015



A general view of an oil dock is seen from a ship at the port of Kalantari in the city of Chabahar, Russia.

Russia and OPEC Secretary-General Abdullah al-Badri will discuss oil markets and the Iran situation in Moscow on July 30 amid sliding oil prices, Russian Energy Minister Alexander Novak said.

The prospect of an influx of Iranian crude onto the already-overhung market has dampened oil prices, which have halved from their level in June last year of $115 per barrel.

"We will discuss the situation on the oil and gas market on the whole, taking into account the lifting of sanctions on Iran," Novak told reporters about the forthcoming meeting with Badri.

He said he did not expect a big impact on prices from additional oil volumes from Iran.

"The prices will be determined by the production costs of shale oil," Novak said.

Iran and six world powers reached a landmark nuclear deal on Tuesday, clearing the way for an easing of international sanctions on Tehran and higher oil exports.

It is unclear when Iran may start exporting more oil. The National Iranian Oil Company is set to increase production from all oilfields this year and can reach its pre-sanctions output capacity of 4 million barrels per day if there is sufficient demand, a top Iranian official told a newspaper.

Russia, one of the world's biggest oil producers, and the Organization of the Petroleum Exporting Countries have held regular meetings but have not agreed on any coordinated action to prop up falling prices.

Last month, Novak met Saudi Arabian oil minister Ali al-Naimi in Russia.

Russia and Saudi Arabia had agreed at the meeting that deliberate oil production cuts are unnecessary as the market will regulate prices itself, Novak said.

OPEC kingpin Saudi Arabia, in a strategy designed to squeeze out rivals, such as U.S. shale oil firms, has been reluctant to cut oil output in order to support prices.

Lower prices have already hit the profitability of shale oil production and undercut output.

Novak said Russia, which has been pumping oil at a post-Soviet high of 10.71 million barrels per day, was seen maintaining high output next year.

Original url:
https://www.themoscowtimes.com/2015/07/17/russia-says-to-discuss-oil-markets-iran-with-opec-on-july-30-a48234